

This record is a partial extract of the original cable. The full text of the original cable is not available.

UNCLAS SECTION 01 OF 02 LIMA 001017

SIPDIS

SENSITIVE

E.O. 12958: N/A

TAGS: [PGOV](#) [PREL](#) [PE](#) [ATPDEA](#)

SUBJECT: PRESIDENT TOLEDO REALIGNS CABINET: POLS REPLACE  
TECHNOCRATS

Sensitive But Unclassified, Please Handle Accordingly

-----  
Summary:  
-----

[1](#)1. (U) President Toledo replaced four cabinet members on 2/26, bringing in new heads for the Ministries of Justice, Agriculture, Labor and Production. The new faces raise the profile of Toledo's Peru Possible party in the government -- two of the new ministers are strong party members and the third has been a close personal advisor to Toledo. The changes are widely seen as a move toward a less technocratic, more political cabinet that will dedicate itself to raising the President's approval numbers and Peru Possible's prospects in the run-up to the next elections, through programs like Toledo's recent proposal to pay a USD 30 subsidy to citizens under the GOP's poverty line. Brief sketches of each of the new Ministers follow. End Summary.

-----  
Justice  
-----

[1](#)2. (U) The incoming Justice Minister is Eduardo Salhuana. He was elected to the Congress in 2001, where he served on the Justice, Constitutional and Budget Commissions, and was also a spokesman for the Peru Possible party. Previously, he was dean of the Law School in Puerto Maldonado in the Madre de Dios Region (eastern jungle). He has been a legal advisor to various organizations in that region. Salhuana replaces Carlos Gamarra.

-----  
Agriculture  
-----

[1](#)3. (U) The new Agriculture Minister is Manuel Manrique. He is a civil engineer who has studied at Northwestern University. He was the Executive Director of a major irrigation project for the Ministry of Agriculture. Manrique is not seen as an expert in a wide range of agricultural issues. Manrique replaces Alvaro Quijandria.

[1](#)4. (SBU) According to an Embassy alternative development contact, Manrique is a close associate of former Agriculture Minister Jose Leon Rivera, who was forced to resign from the cabinet in April when news broke that he was part-owner in a hotel that hosted a brothel with underage prostitutes. Leon was often at odds with Embassy interests because of his attempts to cater to the cocaleros, and Manrique has already announced his intention to "engage" with cocaleros. The same contact advises that President Toledo treats Manrique like a family member (although he is not), and that Manrique has a close relationship with First Lady Eliane Karp.

-----  
Labor  
-----

[1](#)5. (U) The new Minister of Labor is Juan Sheput. He is an industrial engineer who taught at Frederico Villareal University and who studied at the University of the Andes in Colombia. During the Toledo administration, Sheput served as a personal advisor to the President, and was also Head of the Council of Advisors at the Interior Ministry. He has been a frequent and helpful contact of the Embassy. Sheput replaces Javier Neves Mujica.

[1](#)6. (SBU) Neves Mujica was a technocrat who was perceived by business as being too pro-labor, and recently had public differences with Finance Minister Pablo Kuczynski over proposals to make the labor market more flexible. Some commentators have speculated that his departure could contribute to greater labor union militance against the FTA.

-----  
Production  
-----

[1](#)7. (U) The new Minister of Production is David Lemor, a civil engineer, and a graduate of North Carolina State University, who speaks fluent English. He is a textile producer and has been the Vice President of National Industrial Society, a pro-protectionist organization of textile manufacturers. Lemor is the only member of the new group of ministers not closely associated with Peru Possible. He replaces Alfonso Velasquez.

Comment:

18. (SBU) The latest cabinet changes move President Toledo away from the course many editorialists and opposition members had urged him upon, i.e., to name credible technocrats to his cabinet and let them govern. Also of note is the absence of any figures from the Independent Moralizing Front (FIM), Peru Possible's governing coalition ally, in the Cabinet; however, Peru Possible leaders denied any change in their alliance as a result of the naming of the new ministers. It has been reported that Toledo consulted closely with FIM leader Fernando Olivera before making the last changes, and Olivera has predicted a second round of cabinet changes around the middle of the year.

STRUBLE